



DECISION BRIEF

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THE NATIONAL SECURITY CASE FOR C.A.F.T.A.

(Washington, D.C.): The Senate's pending decision to consent or reject ratification of the Central American Free Trade Agreement (CAFTA) will be influenced by many factors – economic, political and strategic. In the final analysis, however, the consideration that should trump all others is the fact that CAFTA will contribute to America's national security – and its defeat would significantly and adversely affect our security interests in the region and beyond.

Specifically, CAFTA affords an important vehicle for strengthening America's dwindling number of reliable friends in the hemisphere, denying diplomatic and economic victories to our adversaries, contributing to conditions that can discourage illegal immigration to this country and even aiding a distant ally, Taiwan.

Illegal Immigration: A National Security and Economic Issue

The Bush Administration and other proponents of CAFTA contend that this trade agreement will increase markets in Central America for U.S. products. Critics counter that CAFTA will undermine certain U.S. industries and serve as a back-door to more Chinese imports.

The truth of the matter is that the CAFTA region – the five Central American countries of El Salvador, Guatemala, Honduras, Nicaragua and Costa Rica plus the Dominican Republic – accounts for an almost imperceptible fraction of U.S. trade. Most dollars going to Central America are spent on consumer goods chiefly made in Japan, Korea and China. The United States does not compete appreciably with the region's main indigenous exports – coffee, cacao, cane sugar and banana production.

Central America's most problematic export to the United States is illegal immigrants. Since Washington has shown itself generally unwilling or unable either to enforce existing immigration statutes nor enact more effective laws and border security measures, it is in the U.S. interest to create more incentives for Central Americans to stay in their native lands.

CAFTA would help create jobs in the region – especially in the area's much sought-after *maquiladora* assembly industry as well as future industrial development – affording many Central Americans an opportunity to stay home with their families. Almost invariably, when queried about their preferences, Central American workers, both those still in their own countries and those who have illegally immigrated to the United States, declare that they would prefer to remain in their countries if only they had dependable and better-paying jobs there.

Consider the case of El Salvador. El Salvador is the CAFTA region's largest source of illegal immigrants to the United States. It is also the one country in the region that has done the right things to privatize and otherwise dismantle most of the previously government-controlled economy. The *Wall Street Journal* and Heritage Foundation rate El Salvador to be the third freest economy in the hemisphere after the United States and Chile. El Salvador is one of only five countries in all of Latin America with an investment-grade economy, and after more than 15 years of conservative,

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market-oriented political leadership, it is starting to build a viable and competitive industrial and service sector. CAFTA is vital to El Salvador's continued economic success – a success that would both mitigate Salvadorans' needs to emigrate to the U.S. while benefiting American investors.

It's Time to Stop Penalizing Our Friends and Rewarding Our Adversaries

Failure to ratify CAFTA would be seen as another case of the United States punishing its friends and benefiting its foes. The Central American countries, El Salvador in particular, have been small but staunch U.S. allies in a range of national security areas – notably, in matters where like Mexico and Chile have not:

- CAFTA nations are strong proponents of continuing the inter-American security system that has been in place since the 1940s. Mexico, the greatest beneficiary of NAFTA, has been trying to undermine that system both prior to and since the September 11, 2001 attacks.
- CAFTA nations immediately announced solidarity with the United States after 9/11. Mexico under President Vicente Fox and his Marxist then-foreign minister was one of the last countries to express condolences to the U.S., waiting a full two weeks after 9/11 to show official opposition to the terrorist attacks.
- CAFTA nations sent military forces into Iraq – the only countries in Latin America to do so. Among the most experienced armies in the world at detecting and deactivating land mines, the armies of El Salvador, Honduras and Nicaragua participated in Operation Iraqi Freedom. Salvadoran troops fought the only known hand-to-hand combat in the war, saving the life of an American governor and defeating fully armed Iraqi terrorists with nothing more than bayonets. In 2004, El Salvador was one of the only countries in the coalition publicly to announce a renewal of its military commitment in Iraq.
- Earlier this year, CAFTA nations nominated a pro-U.S. candidate to become secretary general of the Organization of American States (OAS), the 57 year-old intergovernmental hemispheric collective security organization that includes all governments in the Americas (except Cuba). The United States was unable to muster a single additional vote for that candidate, the former president of El Salvador, and instead cut a deal to elect an anti-U.S. socialist from Chile as OAS chief.

Anti-U.S. Forces in Region Want CAFTA to Go Down

Venezuela's Hugo Chavez and other anti-U.S. figures in the hemisphere are hoping that the Senate refuses to consent to CAFTA's ratification. They understand the extent to which CAFTA's rejection would undermine the pro-American politicians and parties in the region. Such a step would greatly facilitate the efforts the Venezuelan dictator is making through covert funding and training of anti-U.S. political parties and organizations throughout Central America to bring about an electoral ouster of the pro-U.S. governments in the region.

Chavez's main targets for the moment are Nicaragua and El Salvador. Those who would take power there – and who also oppose CAFTA – are the Sandinista National Liberation Front

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(FSLN) and the Farabundo Marti National Liberation Front (FMLN), the terrorist group-turned-political party that leads the chief opposition bloc in El Salvador. Both the Sandinistas and the FMLN were allies of the Soviet Union in the Cold War; both retain their obsolete Marxist-Leninist ideology; both were responsible for the slayings of American military and intelligence personnel; both were part of the Cuban terror network; and both vocally and materially continue to support international terrorists today.

In addition to Chavez's subversive activities on the CAFTA region's political front, a large competing trade bloc, known as MERCOSUR, has been offering membership to our would-be partners in an alternative economic arrangement. The South American free trade organization is not simply a tariff-free community; under the leadership of the Workers Party government of Brazil, it is taking a strongly ideological approach that challenges not only U.S. trade interests but empowers political constituencies that are unfriendly, and even hostile, to the United States.

America's Interests Beyond the Region

Central America is one of the last regions in the world where the governments recognize the democratic Republic of China on Taiwan to the intense chagrin of the Communist regime in Beijing. Through its increased trade, diplomacy, and bribery, the PRC is assiduously trying to buy the loyalties of politicians and business leaders. To date, it has been unsuccessful.

Communist China's increasingly alarming efforts to penetrate and exercise influence in Central America, as in other parts of Latin America, are certain to continue, however. CAFTA is an instrument that can help neutralize the growing economic presence and power of the PRC in the region and, among other things, strengthen the pro-Taiwan sectors. It is heartening that Taiwan has recently been able to invest significantly in El Salvador's infrastructure, including notably for the purpose of modernizing the country's sole significant seaport.

The Bottom Line

From a U.S. perspective, CAFTA is an economic agreement with profound national security implications. While CAFTA will make little difference to America's trade posture, it will make a great deal of difference to our few remaining allies in Latin America.

CAFTA will benefit the economies of nations in the region, particularly in countries that follow the policy changes being pioneered by El Salvador. It will reward those who followed U.S. development recommendations on economic reform, incentivize other countries to make similar reforms and deny diplomatic, political and economic victories to U.S. adversaries in the region.

By providing more quality jobs in Central America, CAFTA will reduce the need for people to emigrate illegally to the United States. Ratification of CAFTA will also show other countries that there are still tangible benefits to standing by the United States. By contrast, failure to ratify will allow hostile political forces to "prove" that there is no reward for being Washington's friend – and, no less ominously, confirm that there is no penalty for being America's foe.